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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Q92.2266

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

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Commission File Number: 0-19065

Sandy Spring Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Delaware	52-1532952
(State of incorporation)	(I.R.S. Employer Identification Number)

17801 Georgia Avenue Olney, Maryland	20832	301-774-6400
(Address of principal office)	(Zip Code)	(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

The number of shares of common stock outstanding as of March 31, 1992 is 1,804,480 shares.

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SANDY SPRING BANCORP

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Sandy Spring Bancorp and Subsidiary CONSOLIDATED BALANCE SHEETS

	March 31, 1992	December 31, 1991
	(Unaudited)	*
ASSETS		
Cash and due from banks	$20,361,484	$23,579,814
Time deposits with other banks	100,000	100,000
Investment securities - market value of $237,703,608 (1992) and $197,398,018 (1991)	234,040,932	191,221,098
Federal funds sold	25,307,254	22,805,835
Residential Mortgage loans held for sale	5,558,989	5,432,447
Total Loans (net of unearned income)	295,439,882	313,315,267
Less: Allowance for credit losses	(3,194,953)	(2,690,666)
Loans, net	292,244,929	310,624,601
Premises and equipment, net	12,240,554	12,399,570
Accrued interest receivable	5,023,063	4,731,920
Other assets	3,245,767	2,916,908
TOTAL ASSETS	$598,122,972	$573,812,193
LIABILITIES		
Noninterest-bearing deposits	$60,020,923	$59,542,029
Interest-bearing deposits	482,468,928	457,568,658
Total deposits	542,489,851	517,110,687
Short-term borrowings	9,630,443	11,052,809
Accrued interest, taxes and other liabilities	4,475,537	6,147,938
TOTAL LIABILITIES	556,595,831	534,311,434
STOCKHOLDERS' EQUITY		
Preferred stock - par value $1.00; shares authorized 1,000,000; shares issued and outstanding - None		
Common stock - par value $1.00; shares authorized 5,000,000; shares issued and outstanding 1,804,480 (1992) and 1,796,853 (1991)	1,804,480	1,796,853
Surplus	15,669,470	15,481,783
Retained earnings	24,053,191	22,222,123
TOTAL STOCKHOLDERS' EQUITY	41,527,141	39,500,759
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$598,122,972	$573,812,193

* Derived from audited financial statements

The notes on page 4 are an integral part of these statements.

Sandy Spring Bancorp and Subsidiary CONSOLIDATED STATEMENTS OF INCOME

	3 Months Ended March 31, 1992	1991
	(Unaudited)	
Interest income:		
Interest and fees on loans	$7,252,957	$8,996,669
Interest on loans held for sale	107,185	7,907
Interest on time deposits with banks	2,493	7,409
Interest and dividends on investment securities:		
Taxable	2,809,105	1,601,449
Nontaxable	872,963	700,782
Interest on federal funds sold	245,303	596,386
TOTAL INTEREST INCOME	11,370,006	11,910,602
Interest expense:		
Interest on deposits	6,029,010	7,372,173
Interest on short-term borrowings	108,056	125,133
Interest on mortgages payable	5,611	6,085
TOTAL INTEREST EXPENSE	6,142,685	7,503,391
NET INTEREST INCOME	5,227,321	4,407,211
Provision for Credit Losses	550,000	150,000
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	4,677,321	4,257,211
Non-Interest Income:		
Investment securities losses	0	(70)
Service charges on deposit accounts	437,762	361,089
Other income	503,377	275,848
TOTAL NON-INTEREST INCOME	941,139	636,867
Non-Interest Expenses:		
Salaries and employee benefits	2,083,047	1,722,987
Occupancy expense of premises	309,729	286,780
Equipment expenses	269,019	255,629
Other expenses	1,029,419	955,047
TOTAL NON-INTEREST EXPENSES	3,691,214	3,220,443
Income Before Income Taxes	1,927,246	1,673,635
Income Tax Expense	478,987	480,132
NET INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$1,448,259	$1,193,503
Cumulative effect of accounting change	743,705	0
NET INCOME	$2,191,964	$1,193,503
NET INCOME PER COMMON SHARE BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$0.81	$0.67
Cumulative effect of accounting change	0.41	0.00
NET INCOME PER COMMON SHARE	$1.22	$0.67
DIVIDENDS DECLARED PER COMMON SHARE	$0.20	$0.18

The notes on page 4 are an integral part of these statements.

Sandy Spring Bancorp and Subsidiary CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	1992	1991
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income	$2,191,964	$1,193,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting principle	(743,705)	-
Depreciation and amortization	243,830	288,560
Provision for credit losses	550,000	150,000
Deferred income taxes	(162,841)	(27,952)
Origination of loans held for sale	(17,741,188)	(2,532,796)
Proceeds from sales of loans held for sale	17,614,646	-
Net change in:		
Accrued interest receivable	(291,143)	(586,021)
Accrued income taxes	88,503	185,131
Other accrued expenses	(1,101,985)	(1,055,391)
Other - net	310,333	291,638
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	958,414	(2,093,328)
Cash Flows from Investing Activities:		
Purchases of investment securities	(55,741,073)	(18,378,131)
Proceeds from maturities and principal payments of investment securities	12,734,570	2,035,000
Net decrease in loans receivable	17,630,394	2,356,508
Expenditures for premises and equipment	(85,264)	(158,875)
Proceeds from sale of property, plant and equipment	-	1,645
NET CASH USED BY INVESTING ACTIVITIES	(25,461,373)	(14,143,853)
Cash Flows from Financing Activities:		
Net increase in demand and savings accounts	40,020,246	10,570,952
Net increase (decrease) in time and other deposits	(14,641,082)	4,628,461
Net decrease in short-term borrowings	(1,422,366)	(1,674,344)
Retirement of long-term debt	(5,168)	(4,694)
Proceeds from issuance of common stock	195,314	197,490
Dividends paid	(360,896)	(322,894)
NET CASH PROVIDED BY FINANCING ACTIVITIES	23,786,048	13,394,971
NET DECREASE IN CASH AND CASH EQUIVALENTS	(716,911)	(2,842,210)
Cash and Cash Equivalents at Beginning of Period	46,385,649	55,266,557
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	$45,668,738	$52,424,347
Supplemental Disclosures		
Interest payments	$6,688,545	$7,599,224
Income tax payments	$405,000	$292,500
Noncash Investing Activities		
Transfers from loans to other real estate owned	$244,991	-

*Cash and cash equivalents include those amounts under the captions "Cash and due from banks" and "Federal funds sold" on the Consolidated Balance Sheets.

The notes on page 4 are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL

The foregoing financial statements are unaudited; however, in the opinion of management, all adjustments (comprising only normal recurring accruals) necessary for a fair presentation of the results of the interim periods have been included. These statements should be read in conjunction with the financial statements and accompanying notes included in Sandy Spring Bancorp's 1991 Annual Report to Shareholders. The results shown in this interim report are not necessarily indicative of results to be expected for the balance of the year.

The accounting and reporting policies of Sandy Spring Bancorp conform to generally accepted accounting principles and to general practice within the banking industry. Certain reclassifications have been made to amounts previously reported to conform with the classifications made in 1992.

Consolidation has resulted in the elimination of all significant intercompany accounts and transactions.

ACCOUNTING CHANGE - INCOME TAXES

Effective in the first quarter of 1992, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 (SFAS 109) that was issued in February 1992.

This Standard applies to accounting for income taxes and must be adopted for years beginning after December 15, 1992. The Company has adopted early the new standard consistent with the FASB desire.

The Company recorded, for the first quarter of 1992, a $743,705 income statement benefit which represents the cumulative effect of the change in accounting under SFAS 109 as of January 1, 1992.

The primary effect of adoption of SFAS 109 is to record at current statutory tax rates deferred tax assets and liabilities that arose from earlier recognition of income and expense in different time periods for accounting and tax purposes.

At December 31, 1991, the Company had deferred tax credits amounting to $4,799,678 and deferred tax debits amounting to $3,527,175. These assets and liabilities primarily relate to differences in recording depreciation expense, loan fee income and cost and bad debt reserves.

NOTE 2 NET INCOME PER COMMON SHARE

Net income per common share is based on the weighted average number of shares outstanding, amounting to 1,801,638 shares for the first quarter of 1992 and 1,793,122 shares for the first quarter of 1991. Higher 1992 average shares resulted from employee stock purchases under the Cash and Deferred Profit Sharing Plan and Trust, as amended, of 5,677 shares issued January 28, 1992 and a stock option exercise involving 1,950 shares issued February 24, 1992.

NOTE 3 SUBSEQUENT EVENT

On May 4, 1992, the Company reported that its Board of Directors had decided to increase the maximum number of shares to be offered in a subscription rights offering to 250,000 shares of Bancorp Common Stock with subscription rights to purchase one (1) share for each eight (8) shares of common stock held.

Sandy Spring Bancorp and Subsidiary

MANAGEMENT'S ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

FINANCIAL CONDITION
March 31, 1992 Compared to December 31, 1991

Sandy Spring Bancorp and Subsidiary (the "Company") had total assets of $598 million at March 31, 1992, up $24 million or 4.2% from $574 million at December 31, 1991. This compares to a three month increase of $14 million or 2.6% reported for the first quarter of 1991.

Earning assets increased $27 million or 5.2% to $560 million at March 31, 1992 from $533 million at March 31, 1991. The shift in earning asset composition toward investments and away from loans continued during the first three months of 1992. Loans declined $18 million or 5.7%, to 53% of earning assets, still due primarily to soft demand from creditworthy borrowers. By contrast, investment securities increased during the same period by $43 million or 22.4%, to comprise 42% of earning assets at March 31, 1992. As of March 31, 1992, the Company continued to provide a valuation allowance for $2.5 million in corporate debt securities of regional banks which have been downgraded to ratings below investment grade but which do not, in management's judgment, represent other than a temporary decline in value. Estimated market depreciation on the securities at March 31, 1992 amounted to $249 thousand, representing an improvement from $621 thousand reported at December 31, 1991.

Interest-bearing deposits totaled $402 million and funded 86% of earning assets at March 31, 1992, reflecting an increase of $25 million or 5.4% from December 31, 1991. While certificates of deposit declined $15 million or 6.9% during the three month period ended March 31, 1992, regular savings grew $24 million or 58.5%, interest-bearing checking rose $9 million or 14.4% and money market savings increased $7 million or 4.7%. Noninterest-bearing demand deposits were up marginally during the first quarter of 1992.

Liquidity and Interest Rate Sensitivity

Liquid assets amounted to $25 million at March 31, 1992 and $23 million at year-end 1991, both representing 4% of total assets. Core deposits increased $28 million (up 5.8%) during the first quarter of 1992 as loans declined by $18 million (down 5.7%), which represented the sixth consecutive quarter that total loans have declined. The Company also maintains a sizable portfolio of U. S. Government and mortgage-backed securities which are readily marketable and which possess a market value in excess of book value. The pool of marketable, unpledged U. S. Treasury securities at the close of the three months ended March 31, 1992 stood at $5 million or 0.8% of total assets, similar in amount and level to year-end 1991.

The Company continues to have a cumulative excess of rate sensitive liabilities over rate sensitive assets, for a one year time horizon, a position believed to be appropriate for the current rate environment.

Capital Management

The capital position of the Company strengthened during 1992's first quarter, producing a risk-based capital ratio of 13.58% compared to 12.60% at year-end 1991. The capital leverage ratio was essentially unchanged, being 7.15% at March 31, 1992. First quarter-end stockholders' equity totaled $41.5 million in 1992, up 5.1% from $39.5 million at December 31, 1991. Internal capital generation occurred at an annualized rate of 18.6% during the three month period ended March 31, 1992. Excluding the cumulative effect of the accounting change, the rate was 11.1%, the same as for the year of 1991. Additions to equity also included $195 thousand from the issuance of stock through employee related programs. First quarter dividends amounted to $361 thousand (20 cents per share) in 1992, for a dividend payout ratio of 16.5% (24.9% with exclusion of the cumulative effect of the accounting change).

RESULTS OF OPERATIONS
Three Months Ended March 31, 1992 and 1991

Net income for the first three months of the year rose $998 thousand or 84% to $2.2 million ($1.22 per share) in 1992, up from $1.2 million (67 cents per share) in 1991. The annualized return on average assets (ROA) was 1.52% and the annualized return on average equity (ROE) was 22.28% for first quarter 1992, compared to 0.93% and 13.74%, respectively, for first quarter 1991. These results reflect the beneficial impact on net income, amounting to $744 thousand, of adopting Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" during the first quarter of 1992. Excluding the cumulative effect of the accounting change, the rise in net income was 21% to $1.5 million (81 cents per share) for the three months ended March 31, 1992, with an annualized ROA of 1.00% and an annualized ROE of 14.72%.

Net Interest Income

The Company achieved an 18.6% increase in first quarter net interest income to $5.2 million in 1992, compared to 1991. On a tax-equivalent basis, the rise was 19.1% to $5.7 million.

First quarter tax-equivalent interest income decreased $442 thousand or 3.6% in 1992, compared to 1991, as average earning assets rose 12.0% but experienced a 146 basis point decrease in average yield earned. While average loans (yielding 9.59%) fell $23.6 million or 7%, average investment securities (yielding 7.98%) rose $92.9 million or 80%.

By contrast, interest expense decreased $1.4 million or 10.1%, the net result of 11.6% higher average interest-bearing liabilities and a 190 basis point decline in average rate paid which, like earning assets, reflected the prevailing lower market interest rates.

The larger decline in funding rates over investment and loan yields resulted in the first quarter net interest spread improving 44 basis points in 1992, to 3.61% from 3.17% a year earlier. The net interest margin rose by a smaller 26 basis points in a declining rate environment which reduces the benefit derived from the noninterest-bearing portion of earning asset funding.

Credit Risk Management

Due to uncertainty surrounding the longer-term effects of the downturn in the local economy, the provision for credit losses was increased to $550 thousand for the first quarter 1992 compared to $150 thousand for the same quarter of 1991. During the three months ended March 31, 1992, charge-offs, net of recoveries, were $46 thousand as compared to $61 thousand for the same period in 1991. Commercial construction and development credits, the riskiest category of loans, continued to comprise less than 3% of total loans, while traditional home mortgages (the safest) amounted to 38%. Nonperforming assets totaled $2.6 million or 0.87% of loans and other real estate owned at first quarter-end 1992, compared to $3.0 million and 0.96% at December 31, 1991. Problem loans increased modestly to $13.2 million at first quarter-end 1992 from $11.3 million at year-end 1991. On March 31, 1992, the allowance for credit losses was 1.08% of total loans, up from 0.86% at the close of 1991 and equal to over 1.5 times nonperforming loans and 17.5 times annualized first quarter net charge-offs.

Non-interest Income and Expenses

Non-interest income rose $304 thousand or 48% to $941 thousand for the three month period ended March 31, 1992, compared to the three month period ended March 31, 1991. The primary contributor to the increase was $205 in first quarter gains on mortgage sales in 1992 versus no such gains in 1991. Deposit account service charge income rose $77 thousand or 21% over the same period, to $438 thousand, attributable in large part to higher charges.

The overhead burden, net of non-interest income, rose 6.4% to $2.8 million for first quarter 1992 compared to $2.6 million for the same 1991 quarter, but fell to 48% of tax-equivalent net interest income from 54% as tax-equivalent net interest income increased 19.0%.

First quarter non-interest expenses were $3.7 million in 1992, reflecting a $471 thousand or 15% increase from $3.2 million in 1991. Higher salaries and employee benefits, up $360 thousand or 21% to $2.1 million, provided approximately three-fourths of the overall rise in non-interest expenses. Average full-time-equivalent (FTE) employees

rose 5%, to 226 from 215, while Company net income (excluding the cumulative effect of the accounting change) per average FTE employee also increased, by 15% to $6.4 thousand from $5.6 thousand. Relatively small advances were recorded for occupancy expense, up $23 thousand or 8% to $310 thousand, and equipment expenses, up $13 thousand or 5% to $269 thousand. Other non-interest expenses rose $74 thousand or 8% to $1.0 million, primarily due to an increase of $69 thousand or 32% in FDIC deposit insurance assessments.

Income Taxes

The effective tax rate declined to 25% for the three months ended March 31, 1992 from 29% for the same period of 1991 primarily due to an increased proportion of tax-exempt income to income before taxes.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Annual Meeting of Stockholders of Sandy Spring Bancorp was held on April 15, 1992.

(b) The following persons were elected as directors at the Annual Meeting to serve until the 1995 Annual Meeting: Charles F. Mess, Louisa W. Riggs, Francis Snowden and W. Drew Stabler.

(c) The following other matters were submitted for a vote by security holders:

(1) A proposal to approve the Agreement and Articles of Merger providing for a change of the Company's state of incorporation from Delaware to Maryland was adopted by vote of 1,362,123 shares in favor and 29,500 shares against.

(2) A proposal to approve the 1992 Stock Option Plan for the Company and its subsidiaries was adopted by a vote of 1,350,539 shares in favor and 36,245 shares against.

Item 6. Exhibits and Reports on Form 8-K.

Exhibits:

10(a)	Sixth Amendment to Sandy Spring Bancorp, Inc. Cash and Deferred Profit Sharing Plan and Trust, dated February 24, 1992 (incorporated by reference to Form S-2 Registration Statement, File No. 33-46329)

No reports on Form 8-K were filed during the first quarter of 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

SANDY SPRING BANCORP, INC.
(Registrant)

By: _____

Willard H. Derrick
Chairman of the Board and Chief Executive Officer

Date: May 6, 1992

By: _____

Thomas O. Keech
Vice President and Treasurer

Date: May 6, 1992